

Debt Management

DEBT MANAGEMENT

The Financial Management Department, Treasury Bureau, is responsible for issuing debt on behalf of City departments, City agencies, assessment districts, community facilities districts and other qualified entities. Typical debt structures include revenue bonds, lease revenue bonds, land-based financings and notes. Debt may be issued with fixed or variable rate interest structures. Approximately \$2.19 billion in debt was outstanding as of September 30, 2015. However, \$607 million of this debt is related to the Gas Prepay, which is guaranteed by Bank of America Merrill Lynch, Inc., even though the bonds were issued out of the Long Beach Bond Finance Authority (LBBFA).

Central to debt management is ensuring the City's compliance with Federal, State and local regulations. Other duties of this function include bond payments, maintenance of credit ratings, facilitating project fund draws, meeting the reporting requirements of the Municipal Securities Rulemaking Board and Internal Revenue Service, and determining annual assessment levies.

SUMMARY OF THE CITY AND RELATED AGENCIES OUTSTANDING DEBT

The tables below summarize the City's outstanding debt, including final maturities, original par amounts and amounts outstanding. All information is presented as of September 30, 2015.

REVENUE BONDS			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
City of Long Beach, Harbor Revenue Refunding Bonds, Series 2015A (AMT) and Series 2015B (Non-AMT) ⁽¹⁾	2025	\$ 64,975,000	\$ 64,975,000
City of Long Beach, Harbor Revenue Bonds, Series 2015C (AMT) and Series 2015D (Non-AMT)	2042	\$ 132,950,000	\$ 132,950,000
City of Long Beach, Marina Revenue Bonds, Series 2015 (Alamitos Bay Marina Project) ⁽²⁾	2045	\$ 114,015,000	\$ 114,015,000
City of Long Beach, Harbor Revenue Refunding Bonds, Series 2014A (AMT) and Series 2014B (Non-AMT) ⁽³⁾	2027	\$ 59,035,000	\$ 46,260,000
City of Long Beach, Harbor Revenue Short-term Notes, Series 2014C	2018	\$ 325,000,000	\$ 325,000,000
Long Beach Bond Finance Authority 2012 Refunding Revenue Bonds (Aquarium of the Pacific Project) ⁽⁴⁾	2030	\$ 102,580,000	\$ 89,570,000
City of Long Beach, Second Lien Water Revenue Bonds, Series 2012A	2027	\$ 9,850,000	\$ 8,410,000
Series 2010A Harbor Revenue Bonds	2025	\$ 200,835,000	\$ 148,705,000
Series 2010B Harbor Revenue Refunding Bonds ⁽⁵⁾	2027	\$ 158,085,000	\$ 134,135,000
Series 2010A Water Revenue Refunding Bonds	2024	\$ 22,740,000	\$ 21,860,000
Series 2010 A & B City of Long Beach, Senior Airport Revenue Bonds ⁽⁶⁾	2040	\$ 61,400,000	\$ 57,650,000
Series 2009 A & B & C City of Long Beach, Senior Airport Revenue Bonds ⁽⁷⁾	2039	\$ 61,440,000	\$ 55,080,000

Debt Management

REVENUE BONDS (cont'd)			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 2007A & B Long Beach Bond Finance Authority (LBBFA) Natural Gas Purchase Revenue Bonds ⁽⁸⁾	2033	\$ 887,360,000	\$ 606,935,000
Series 2005A & B Harbor Revenue Refunding Bonds ⁽¹⁾	2025	\$ 257,975,000	\$ -
Series 2005A & B LBBFA Revenue Bonds (Redevelopment, Housing and Gas Utility Financings) ⁽⁹⁾	2040	\$ 184,757,306	\$ -
Series 1998A Harbor Revenue Bonds	2019	\$ 206,330,000	\$ 60,965,000
Series 1997A Water Revenue Refunding Bonds ⁽¹⁰⁾	2024	\$ 46,945,000	\$ -

⁽¹⁾ Refunded the remaining Harbor Revenue Refunding Bonds, Series 2005A (AMT) & B (Non-AMT)

⁽²⁾ Prepaid CA Boating and Waterway (DBW/DBAW) loans totaling \$61.4 million

⁽³⁾ Refunded the remaining Harbor Revenue Bonds, Series 2002B, and Harbor Revenue Refunding Bonds, Series 2004A & B

⁽⁴⁾ Refunded LBBFA Lease Revenue Refunding Bonds, Series 2001 (Aquarium of the Pacific)

⁽⁵⁾ Partially refunded the Harbor Series 2002B, Series 2004A, and Series 2005A bonds

⁽⁶⁾ Refunded the Long Beach Airport's Commercial Paper

⁽⁷⁾ Build America Bonds (BABs) include a Federal Direct subsidy equal to approximately 35% of the interest payments

⁽⁸⁾ Redeemed by 2009 bond tenders; 2007A \$48.3 million and 2007B \$182.7 million

⁽⁹⁾ Refunded by the County of L.A. Redevelopment Refunding Authority, Series 2015; two capital appreciation bonds (CAB) remained

⁽¹⁰⁾ Series 2010A partially refunded the Series 1997A Revenue Refunding Bonds. Remaining 1997A bonds matured May 1, 2015

Source: City of Long Beach - Comprehensive Annual Financial Report - FY2015 Audited

LEASE REVENUE BONDS			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Long Beach Bond Finance Authority Lease Revenue Refunding Bonds, 2012 Series A ⁽¹⁾	2031	\$ 54,630,000	\$ 54,630,000
Long Beach Bond Finance Authority Taxable Lease Revenue Refunding Bonds, 2012 Series B ⁽²⁾	2018	\$ 15,120,000	\$ 8,095,000
Series 2006 LBBFA Lease Revenue and Bond, Series B (Parks/Open Space Financing Project)	2031	\$ 24,320,000	\$ 24,320,000
Series 2006 LBBFA Lease Revenue and Refunding Bonds (Rainbow Harbor Refinancing Project) ⁽³⁾	2024	\$ 50,785,000	\$ 28,280,000
Series 2003A (Non-AMT) & B (AMT) Southeast Resource Recovery Facility Authority Lease Revenue Bonds ⁽⁴⁾	2018	\$ 120,235,000	\$ 40,340,000
2010 Lease Agreement between Bank of America Public Capital Corporation and the City of Long Beach ⁽⁵⁾	2027	31,450,000	23,425,000

⁽¹⁾ Refunded the Series Lease Revenue Bonds, Series 1998A & B LBBFA Lease Revenue Refunding Bonds (Temple Willow), the Series 2001 LBBFA Lease Revenue Bonds (Plaza Parking Facilities), the Series 2002 LBBFA Lease Revenue Bonds (Public Safety Facilities), and the Series 2005A (LBBFA) Lease Revenue Refunding Bonds (Temple Willow)

⁽²⁾ Refunded the Lease Revenue Bonds Series 2003 LBBFA Lease Revenue Bonds (Skylinks Golf Course Project), and the Series 2004A Taxable Variable Rate Demand Revenue Bonds (Long Beach Towne Center Site Refinancing Project)

⁽³⁾ Refunded the Series 1999A LBBFA Revenue Bonds (Rainbow Harbor Refinancing) and the Queensway Bay Parking Facility Certificates of Participation

⁽⁴⁾ Refunded the SERRF Lease Revenue Bonds Series 1995A and 1995B bonds

⁽⁵⁾ Refunded the Series 1997 LBBFA Lease Revenue Refunding Bonds (Civic Center Project) bonds. Lease principal and interest payments are due April and October of each year. Outstanding balance reported as in FY2015 CAFR, including principal payment of \$770,000.

Source: City of Long Beach - Comprehensive Annual Financial Report - FY2015 Audited

Debt Management

TAX ALLOCATION REVENUE BONDS			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 2010A&B Redevelopment Agency of the City of Long Beach, Taxable Recovery Zone Economic Development Bonds (North Long Beach) ⁽¹⁾	2040	\$ 32,980,000	\$ 29,915,000
Series 2005C Long Beach Bond Finance Authority (LBBFA) Tax Allocation Revenue Bonds (Downtown and North Long Beach Redevelopment Project Areas) ⁽²⁾	2031	\$ 35,045,000	\$ 30,145,000
Series 2002A (LBBFA) Tax Allocation Revenue Bonds ⁽³⁾	2031	\$ 77,715,000	\$ -
Series 2002B LBBFA Tax Allocation Revenue Bonds ⁽⁴⁾	2024	\$ 47,780,000	\$ 34,670,000
Series 1992 Tax Allocation Revenue Bonds (West Long Beach Industrial and Downtown Project) ⁽⁴⁾	2017	\$ 117,490,000	\$ 16,865,000

⁽¹⁾ 2010A Build America Bonds (BABs) include a Federal Direct subsidy equal to 35% of the interest payments. The 2010B (RZEDB) include a Federal Direct subsidy equal to 45% of the interest payments

⁽²⁾ The 2005C LBBFA Tax Allocation Revenue Bonds partially refunded the 2002 Tax Allocation Revenue Bonds. The 2005C Bonds were partially refunded by the County of Los Angeles Redevelopment Refunding Authority, Tax Allocation Revenue Refunding Bonds, Series

⁽³⁾ Refunded by the County of Los Angeles Redevelopment Refunding Authority, Series 2015

PENSION OBLIGATION BONDS			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 2002A&B Pension Obligation Refunding Taxable Bonds ⁽¹⁾	2021	\$ 76,550,000	\$ 35,915,000

⁽¹⁾ Partially refunded the Series 1995 Pension Obligation Refunding Bonds. The 2002A & B Bonds were remarketed on December 30, 2005 to a fixed rate from auction rate

Source: City of Long Beach - Comprehensive Annual Financial Report - FY2015 Audited

Debt Management

City of Long Beach Legal Debt Margin Information Last Ten Fiscal Years (In Thousands)

	Fiscal Year				
	2006	2007	2008	2009	2010
Assessed valuation	\$ 35,519,905	\$ 39,877,469	\$ 43,345,421	\$ 46,621,743	\$ 45,466,275
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	8,879,976	9,969,367	10,836,355	11,655,436	11,366,569
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,331,996	1,495,405	1,625,453	1,748,315	1,704,985
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,331,996</u>	<u>\$ 1,495,405</u>	<u>\$ 1,625,453</u>	<u>\$ 1,748,315</u>	<u>\$ 1,704,985</u>
Total debt applicable to the limit					
as a percentage of debt limit	0%	0%	0%	0%	0%

	Fiscal Year				
	2011	2012	2013	2014	2015
Assessed valuation	\$ 44,589,625	\$ 45,421,772	\$ 47,952,110	\$ 50,498,496	\$ 51,678,154
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	11,147,406	11,355,443	11,988,028	12,624,624	12,919,539
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,672,111	1,703,316	1,798,204	1,893,694	1,937,931
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,672,111</u>	<u>\$ 1,703,316</u>	<u>\$ 1,798,204</u>	<u>\$ 1,893,694</u>	<u>\$ 1,937,931</u>
Total debt applicable to the limit					
as a percentage of debt limit	0%	0%	0%	0%	0%

The Government Code of the State of California provides for a legal debt limit of 15 percent of gross assessed valuation. This provision was enacted when assessed valuation was based on 25 percent of market value. Effective with fiscal year 1982, each parcel is assessed at 100 percent of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25 percent level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City of Long Beach, Department of Financial Management
County of Los Angeles, Department of Auditor-Controller